

“IMPACT OF CRED ON E-PAYMENT”

Dr. Roopali Patil

Associate Professor, D.Y Patil Deemed To Be University, School Of Management, School Sector-4, CBD Belapur, Navi Mumbai-400614

Anurag Shrivastava

BBA. Student D.Y Patil Deemed To Be University, School Of Management, School Sector-4, CBD Belapur, Navi Mumbai-400614

ABSTRACT:

CRED is one of the recent unicorn companies coming from India. It was launched in the year 2018 by its current CEO Kunal Shah. It gained the attention of a lot of people in 2020 during the IPL season. It gained a lot of users by the end of the 2020-21 financial year and there has been an increase in the number of users per year since then. This paper is written to know how much CRED has impacted the E-payment industry. Questions were circulated to several people from different backgrounds and the sample size of the survey is 132.

The major objectives of writing this paper is to know what people think about the CRED app, whether they will increase the use of their Credit Cards just to receive the benefits from their CRED app, and lastly to know the future of the E-payment system in India.

KEYWORDS: Unicorn, UPI, Credit Score, E-Payment, Cashbacks.

INTRODUCTION:

People have been using credit cards for a very long time. It has helped people whenever they had to pay for something of large amount. They can pay the bill on their credit card before the due date without any interest rate. After the due date, the defaulters are charged with interest on the bill on a daily basis.

Later on, a new change came in the industry of credit cards with the increase in the number of credit card service providers, the competition increased. The service providers started bringing up offers for the people who use their cards.

After this, UPI came into the market and caught the interest of people with very easy access and lesser time to make the payment as compared to credit cards and debit cards. Many users switched to UPI payments, but credit card payments were not completely vanished as it only requires some moderation to attract users.

CRED came into the market in the year 2018 but it gained recognition in the year 2020. Many users gained information about the app during their unique and innovative advertisements which were played during IPL 2020. People were hooked on the company name and wanted to know more about it and what it really offers.

The app offers cashback and other rewards to its users for making the payment of their credit card bills using the application. It does not charge any money from its users and is earning its money mainly from the fees the business companies who display their offers in the app for the users.

Here is an in-depth introduction to Credit cards, E payment, and CRED App..

Credit Cards

Credit Card was introduced for the first time in year 1958 in California by the Bank of America. The users of credit cards use them to pay bills as often as required on a monthly basis and then at the end of the month they pay their credit card bill. They repeat the same cycle on a monthly basis.

The first credit card introduced in India was Diner's club card in 1969 introduced by City Bank. But the popularity gained by credit cards in India after Andhra Bank introduced its own credit card. Later in the year 1985, Central Card was introduced by the Central Bank of India along with the United Bank of India and Vyays Bank. The same year, Allahabad Bank and Bank of Baroda together launched the Bob Card. The Visa Classic card was introduced in the year 1989 by AZN Grindlays Bank.

Since then, there has been a rapid growth in the number of credit cards in India with 25 to 30% annually. As per the RBI, till June 2022, the number of credit cards is 78.7 million and during the same period, the number of debit cards is 921.75 million. This data shows that debit cards are still preferred over credit cards by Indians.

Digital Payment

In a very short period of time, digital payments have become very popular among all bank account holders. Since its birth in the early 90s to the dominance it has today, it has impacted the industry so much that it is almost impossible to imagine a world where digital payments do not exist.

The first organization to offer its clients an online payment system is the Stanford Federal Credit Union, having first done in the year 1994. The digital payment giants today, Milicent and Ecash soon

followed suit being launched in the years 1995 and 1996 respectively. These corporations specialize in supplying electronic cash alternatives like e-money, digital cash, and tokens.

One of the first online payment systems in India was introduced by ICICI which offered their clients online banking services in their retail branches. The National Payment Corporation of India (NPCI) created a more established payment and settlement infrastructure in the country.

CRED Pvt. Ltd.

Cred is a fintech company allowing its users to make credit card payments through its app and the customers get exclusive offers and other benefits online. The headquarter of Cred is in Bangaluru. The company was founded in the year 2018 by entrepreneur Kunal Shah. The tagline of the CRED company is “Suraksha Aur Bharosa Dono”. Shah describes his company not as Fintech but as a TrustTech company.

According to Kunal Shah, the main aim of building an app like Cred was to appreciate and reward responsible citizens for their punctuality in paying taxes and having good credit scores. He says, because of this, people will continue to keep up with their good credit scores and return their loans on time and people who do not have good credit scores will work on improving the same.

Reason to choose this Topic

In the third year of its operation, CRED spent a huge amount of money on its marketing and advertisement. They have cast so many superstars from both the movie industry and the sports industry. They have created hype too in social media. After doing some research, it was found that the app is offering rewards and cashback to its users which can be really helpful to some of them. This paper is written to know how much the app has actually impacted the e-payment system of India and what people think about the app.

LITERATURE REVIEW

There are several articles published online that tell about the CRED App, its functions, and the benefits and services the company provides to its customers. There are also many articles and writers who have written their reviews online about the application when they used the app to check how it works. Many things were found out about the CRED App and its functions while reading these articles and reviews that have helped while writing this paper.

The article by Disha Khemchandani from the website The Economics Times, mentions the major 6 ways in which the CRED App can help people in managing their payments and credits. In the article it was mentioned, the fear that people face while taking credits and using credit cards. It shows the readers all things they should look for before taking credit lastly in the article,

Disha talks about the 6 major benefits that the CRED app provides to its users. The list starts with the CRED Coins received by the users by paying their credit card bills and how they can use them while shopping. Then she talks about the reminder system of the CRED app which helps people in paying their credit card bills before the end of the due date. The third is the transaction report that the users get from their account through which they can analyse their payment behaviour and control the flow of money. The fourth benefit is the CRED Store which is opened by the company for their users. People can use the CRED coins to pay some amount of the bill for the items they purchase from the store. The fifth benefit of the app is the security that the app provides to its users while doing online transactions. Lastly, she writes about the

CRED Rent Pay feature using which users can enjoy up to 45 days of credit-free period. At the end of the article, Disha mentions that utilizing the CRED app will help people get more out of their credit cards.

In an article on the website, Holistic, the writer talks about his experience while using the application. At the start of the article, the writer explains the functions of the CRED App and the installation process of the CRED App. Followed by it is the benefits of the app which are discussed in the article. Later the article talks about the drawback of the app which is mainly the failed payments happening in the app in recent times

Lastly, the writer talks about his own experience while using the app. He used the app to pay an amount of ₹1000 to his credit card using the UPI to check the amount of time taken by the app to update the amount on his credit card. The amount was finally updated after 5 hours of the transactions which, according to the writer was a good thing also he earned 1000 CRED Coins for making the payment of his credit card of the same amount. He earned ₹7 cashback from the transaction using the KilltheBill feature of the app. The writer was satisfied with the amount of cashback he received since it was just a test run of the app for him. The overall experience for the writer using the app was very good, as told him. In the end, the writer says that he will be using the app for his future credit card bill transactions and will recommend the app to others too.

OBJECTIVES:

There are several questions that can be answered from the completion of this research paper. After completion of this paper, we can find out what the people of India think about the current payment system in India and we can find out how the application CRED is being looked at by the common people of India.

The things to be found by the completion of this research paper are:

Understanding what people think about CRED App.

Assess whether the introduction of the CRED App will increase the use of Credit Cards.

Determine the future of the electronic payment system in India

RESEARCH DESIGN:

The research done while making this research paper has been very impactful to fulfil the objectives set for the paper. Some of the major pointers about the paper are:

The whole research was based on Primary Data collected from 132 individuals. The individuals who filled out the form are combined of students, businessmen, defence force officers, teachers, bankers, etc. 15 questions were presented to the people in the questionnaire related to the topic. The questions provided to the individuals were close-ended. All the questions provided to the individuals are with options to be selected by them. Some of them are Yes/No type questions and the others are on the basis of quantitative rating to be given by the individual. The questions consist of quantitative data, some of them are Yes/No type questions and the others are on the basis of a quantitative rating to be given by the individual. Questionnaires are collected with

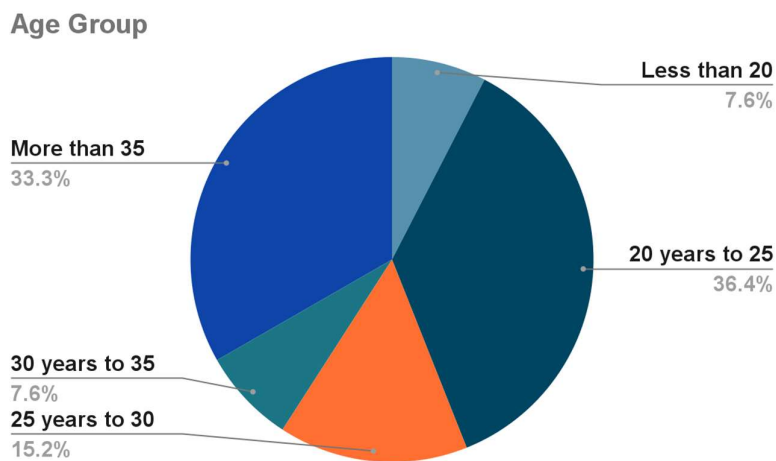
the use of Google Forms circulated through social media. There is no major cost incurred while doing the primary research for the paper.

RESEARCH ANALYSIS:

There were a total of 15 questions presented to the individuals in their questionnaire. The questionnaire was on the basis of quantitative data. Some of them are Yes/No type questions and the others are on the basis of quantitative rating to be given by the individual.

Here are the questions asked and the tabular representation of the response given by all the individuals for each question:

Q1. What age group do you belong to?

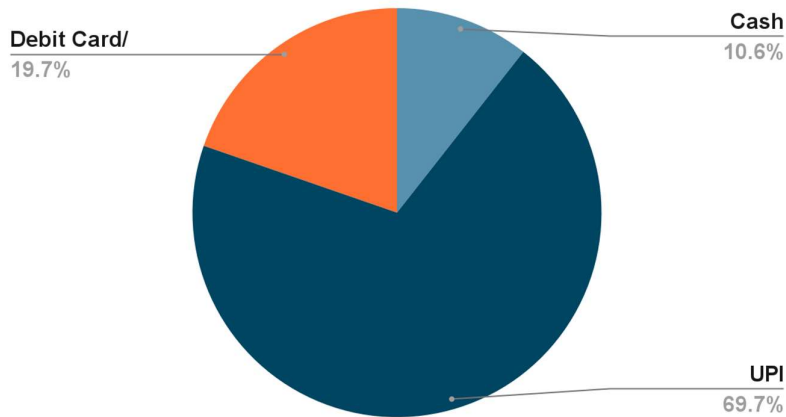


AGE GROUP	NUMBER OF PEOPLE	PERCENTAGE OF PEOPLE
Less than 20	10	7.6%
20 to 25 years	48	36.4%
25 to 30 years	20	15.2%
30 to 35 years	10	7.6%
More than 35 years	44	33.3%

According to the pie chart and the table, we can say that the most number of people who were part of the survey belong to the age group of 20 to 25 years while the people of age group less than 20 years and 30 to 35 years have given the least number of response.

Q2. What do you mostly use to make payments?

Mode of Payment

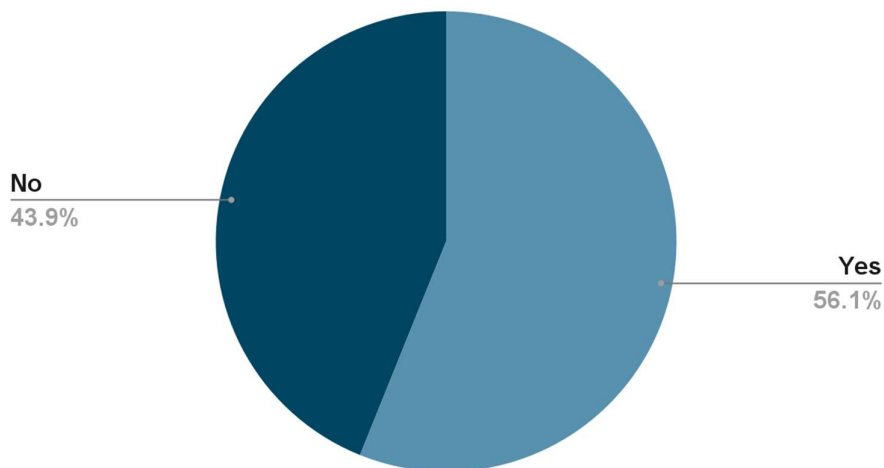


PAYMENT MODE	NUMBER OF PEOPLE	PERCENTAGE OF PEOPLE
Cash	14	10.6%
UPI	92	69.7%
Credit Card/ Debit Card	26	19.7%

According to the pie chart and the table, we can say that most people prefer to pay their bills using UPI like Google Pay, Phone Pay or Paytm UPI. There were hardly 10% of people attempting the survey uses cash as their preferred mode of payment and 20% of the people are using Debit Card or Credit Card for payment of their bills.

Q3. Do you own a Credit Card?

Credit Card owner

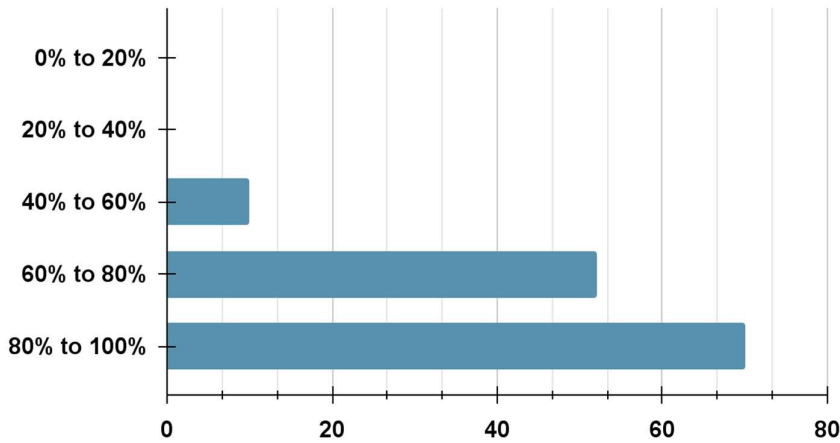


CREDIT CARD OWNED	NUMBER OF PEOPLE	PERCENTAGE OF PEOPLE
Yes	74	56.1%
No	58	43.9%

There was not much difference between people who own a credit card and those who do not. People owning credit cards were 56.1% and those who do not were 43.9%. Credit card is one of the most commonly used by people for paying their bills. It is found that most users of Credit cards belong to the age group of more than 35 years.

Q4. At what level do you think electronic payment methods have helped you in your day-to-day life?

Level of Satisfaction from Help



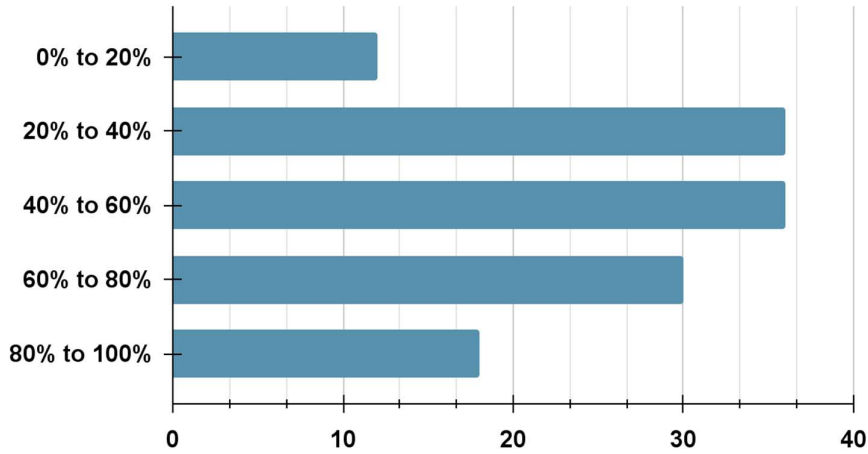
LEVEL	NUMBER OF PEOPLE	PERCENTAGE OF PEOPLE
0% to 20%	0	0%
20% to 40%	0	0%
40% to 60%	10	7.6%
60% to 80%	52	39.4%
80% to 100%	70	53%

According to the graph and the chart more than 50% of the people have admitted that online transactions have highly helped them in their day to day life. In today's world, it has become a

basic requirement to rely on other means of payment than cash. Therefore none of the people selected the option of 20% to 40%.

Q5. How much are you satisfied with the cashback and rewards you receive while doing online transactions?

Satisfaction level from Cashbacks and Rewards

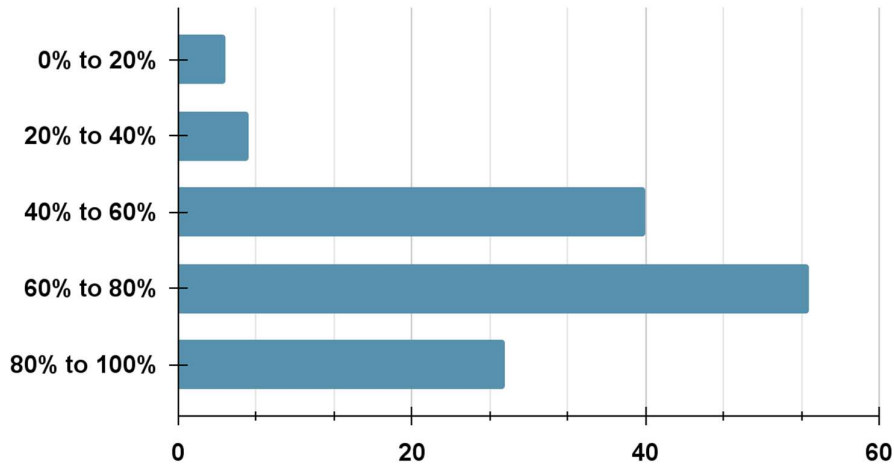


LEVEL	NUMBER OF PEOPLE	PERCENTAGE OF PEOPLE
0% to 20%	12	9.1%
20% to 40%	36	27.3%
40% to 60%	36	27.3%
60% to 80%	30	22.7%
80% to 100%	18	13.6%

Cashback and rewards have been one of the motivating factors for people to use a specific UPI app to pay. According to the graph and the table, not many people are happy about the cashback and rewards they receive while doing online transactions. Since the most number of people have given the rating 20% to 40% and 40% to 60%.

Q6. How do you rate the safety of doing electronic transactions in India?

Safety Level of Online transactions in India

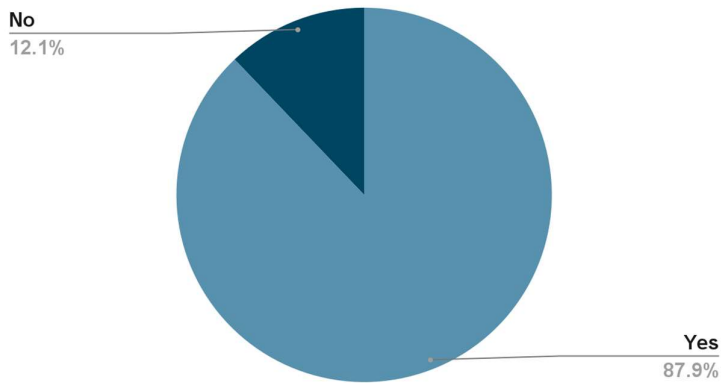


LEVEL	NUMBER OF PEOPLE	PERCENTAGE OF PEOPLE
0% to 20%	4	3%
20% to 40%	6	4.5%
40% to 60%	40	30.3%
60% to 80%	54	40.9%
80% to 100%	28	21.2%

According to the graph and table, we can say that most people find doing online transactions in India safe. Less than 10% of people think that online transactions in India are unsafe. With so many security levels to go with like PIN and OTP, we can say that online transactions in India are safe. Still, not many people agree 100% with the safety level of transactions in India.

Q7. Do you think cash payment transactions will decrease in the future?

Decrease of cash transactions in future

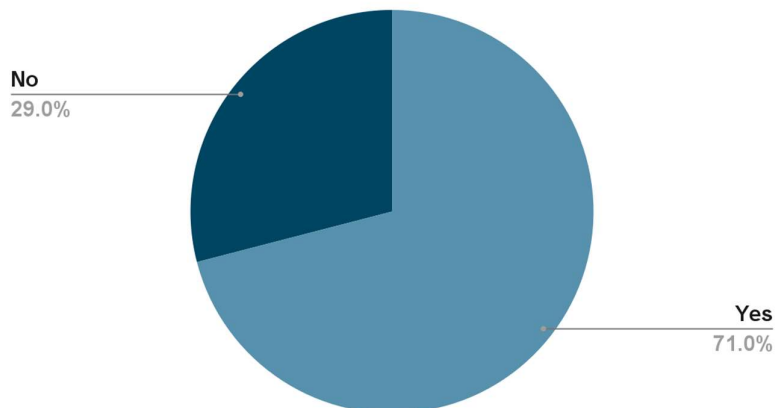


DECREASE IN CASH TRANSACTION	NUMBER OF PEOPLE	PERCENTAGE OF PEOPLE
Yes	116	87.9%
No	16	12.1%

According to the pie chart and the table, a very large amount of people feel that cash transactions in India are going to decline in the future. The future of cash payments is going to decrease its substitutes like UPI and Credit Card/ Debit Card is the much easier mode of payment.

Q8. Do you know about CRED App and its features?

Knowledge about CRED

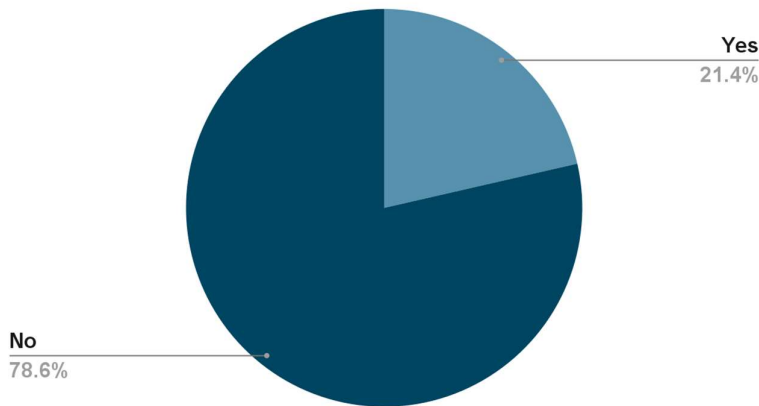


KNOWLEDGE ABOUT CRED	NUMBER OF PEOPLE	PERCENTAGE OF PEOPLE
Yes	88	66.7%
No	44	33.3%

CRED app is a medium for the user to pay their credit card bills. There are cashback and rewards for the people in these transactions. According to the pie chart and the table, only two-thirds of the people attempting the survey had knowledge about the CRED app.

Q9. Have you ever used the CRED app in the past?

CRED app used in the past

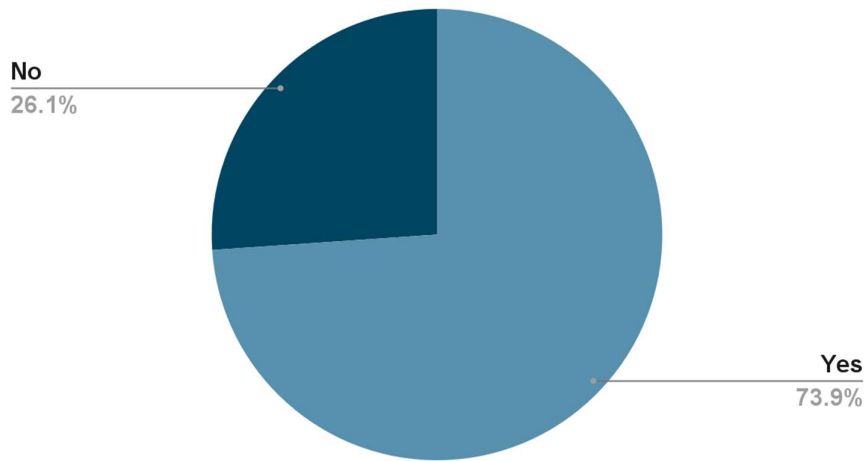


USER OF CRED	NUMBER OF PEOPLE	PERCENTAGE OF PEOPLE
Yes	44	33.3%
No	88	66.7%

As per the pie chart and the table, only one-third of the people have experience using the CRED app in the past. Most people have been using the CRED in the past and have good knowledge and experience of using the app.

Q10. Are you willing to use the CRED app in the future?

Willing to use CRED app

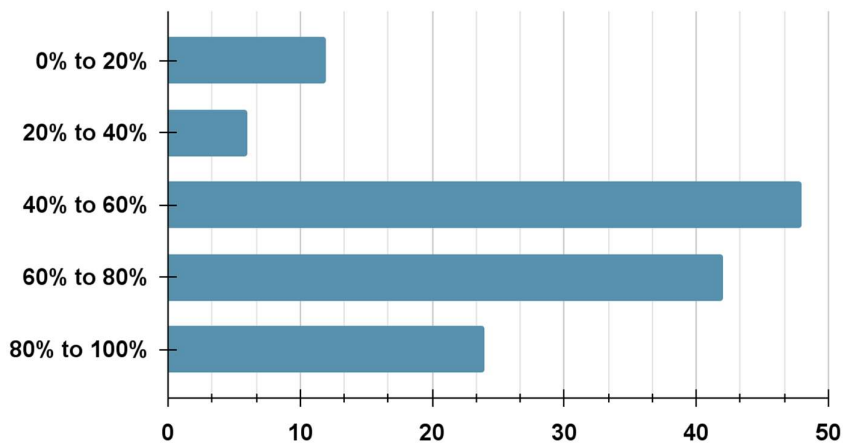


WILL USE CRED APP IN THE FUTURE	NUMBER OF PEOPLE	PERCENTAGE OF PEOPLE
Yes	102	77.3%
No	30	22.7%

According to the Pie Chart and Table more than 75% of the people are willing to use the CRED app in the future. This shows that there is a good chance of more growth for the company in the coming future with so many people taking interest in it.

Q11. At what level do you think there was a need for a service provider like CRED?

Need for CRED app

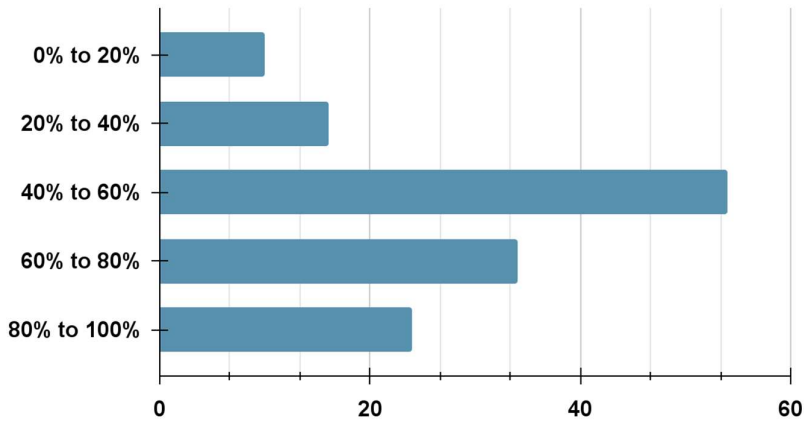


LEVEL	NUMBER OF PEOPLE	PERCENTAGE OF PEOPLE
0% to 20%	12	9.1%
20% to 40%	6	4.5%
40% to 60%	48	36.4%
60% to 80%	42	31.8%
80% to 100%	24	18.2%

According to the bar chart and the table, most people have given an average rating regarding the need of the CRED app. Only 18% of the people who attempted the survey agreed with the point that there is a high need for the CRED Application and 9% totally disagreed with the point.

Q12. At what level do you find the offers of the CRED app exciting?

Excitement level for CRED app offers

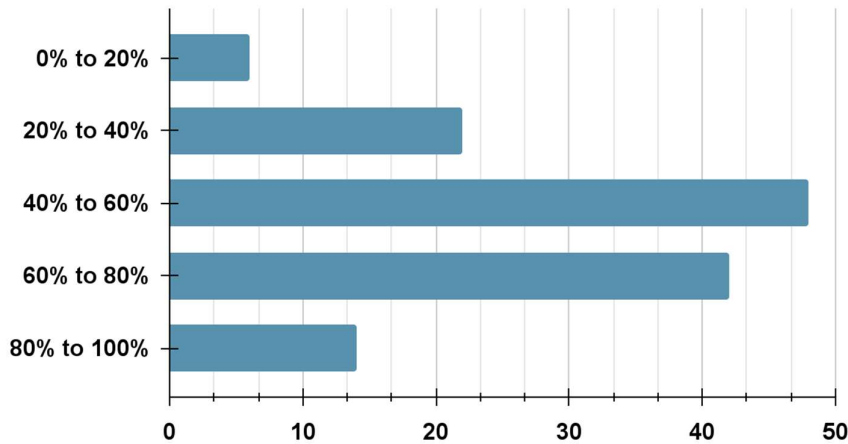


LEVEL	NUMBER OF PEOPLE	PERCENTAGE OF PEOPLE
0% to 20%	10	7.6%
20% to 40%	16	12.1%
40% to 60%	54	40.9%
60% to 80%	34	25.8%
80% to 100%	18	13.6%

According to the graph and the table, people find the offers of the CRED app very average. Since most people have selected 40% to 60% as the level of excitement they have for the app’s offers. The most satisfactory level of 80% to 100% was selected by less than 15% of the people.

Q13. How much do you think people will increase the use of Credit Cards in order to receive offers from their CRED Application?

Increase in use of Credit Cards

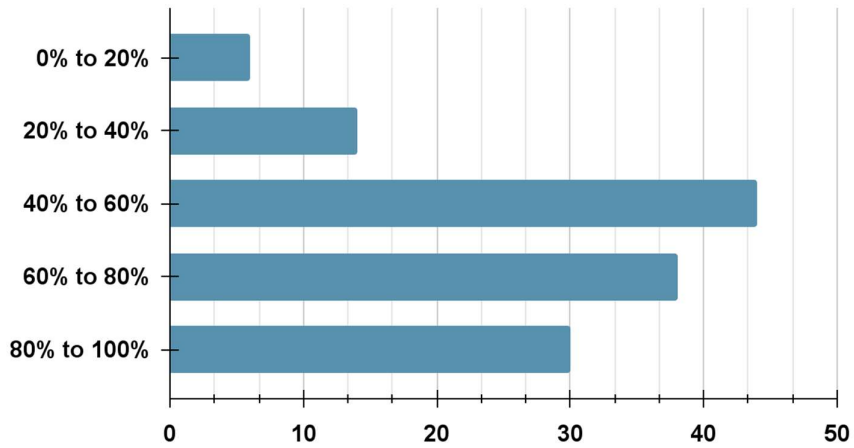


LEVEL	NUMBER OF PEOPLE	PERCENTAGE OF PEOPLE
0% to 20%	6	4.5%
20% to 40%	22	16.7%
40% to 60%	48	36.4%
60% to 80%	42	31.8%
80% to 100%	14	10.6%

According to the bar chart and the table, the most number of people have given the rating of 40% to 60% and 60% to 80% to the thought of the increase in the use of Credit Cards by the CRED users in order to receive offers from their app.

Q14. How much do you think the CRED App rewards system will motivate people to improve their Credit Scores?

Improvement in Credit Scores will happen

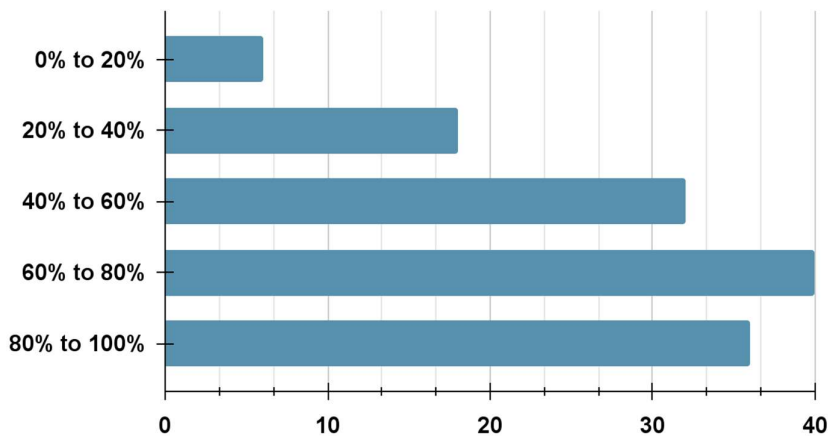


LEVEL	NUMBER OF PEOPLE	PERCENTAGE OF PEOPLE
0% to 20%	6	4.5%
20% to 40%	14	10.6%
40% to 60%	44	33.3%
60% to 80%	38	28.8%
80% to 100%	30	22.7%

According to the Bar chart and the table, most people have given the rating of 40% to 60% and 60% to 80% for the thought of the people will improve their credit scores as a motivation to be eligible for using the CRED Application.

Q15. How much do you think CRED advertisements have helped them in acquiring their customers?

Impact of Advertisements in acquiring customers



LEVEL	NUMBER OF PEOPLE	PERCENTAGE OF PEOPLE
0% to 20%	6	4.5%
20% to 40%	18	13.6%
40% to 60%	32	24.2%
60% to 80%	40	30.3%
80% to 100%	36	27.3%

As per the bar chart and the table, most numbers of people have agreed to the point that CRED Advertisement has done a good job in acquiring their customers since more than 50% of the people who filled the form have selected the option of 60% to 80% and 80% to 100%.

RESEARCH FINDINGS:

Some of the major things that were found about the people who have attempted the questionnaire and what are their thinking about the CRED App: The range of age group of people attempting the survey is very high. Two people who are less than 20 years took part in the survey and a large number of people who are more than 35 years also took part in the survey. More than 50% of people use UPI applications to make payments in their day-to-day life. This shows that the use of electronic payment methods has been increasing in most of the people's life.

Since CRED App is mostly famous for its credit card bill payment feature. It was important to know how many people actually own a credit card. It was found that more than 50% of people attempting the question actually own a credit card. It was found that electronic payment methods have helped most people in their day-to-day life. More than 50% of people have given

the highest rating to the question asked to them about how much they are satisfied with the help they got from electronic payment methods.

When asked about the satisfaction level of receiving cashback and rewards from online transactions, many people did give a positive rating about it. Less than 15% of people who took the questionnaire selected the option of being highly satisfied with the cashback and rewards they receive while doing online transactions.

When asked about the safety of doing online transactions in India, more than 60% have given the top two ratings to the level of safety they feel while doing online transactions. This shows that people have very less problems regarding the safety of doing online transactions in India.

More than 85% of people who attempted the questionnaire have the thinking of cash transactions will be decreased even further in the future.

When asked about their basic knowledge of the CRED App, only two third of the people who attempted the questionnaire had known what the CRED Application does and how it work to provide services to its users.

Only one-third of the people attempting the questionnaires had used the CRED App in the past. They were the ones who had some experience with how the CRED App work.

When asked about the willingness of people for using the CRED App in the future, there were a lot of positive responses to the question. More than 75% of people are willing to use the application of CRED in the future.

When asked about the need for service providers like CRED in today's world. Less than 20% of people highly agreed with the fact that the CRED was a highly needed app for consumers right now. But people who disagreed about the app being totally needless were less than 10%.

Not many people have agreed to the point offers and rewards provided by the CRED Application are highly exciting. A major percentage of the people have given an average rating to the question asked about the exciting level of the CRED App reward system.

Not many people highly agree with the point that people will increase the use of their credit cards in order to receive cashback and rewards while paying their credit card bills through their CRED app. In this question also, the maximum number of people have given an average rating.

The major condition of using the CRED app is that the user should have a credit score of more than 720. If the user does not fulfill this criterion then they are put on the waiting list. But the people attempting the questionnaire do not fully agree with the point of people willing to improve their credit score just so that they can use the CRED Application since a maximum number of people have given an average rating to the question asked about the topic.

Most people agree with the point that CRED advertisements have majorly helped them in acquiring customers. The CRED had come up with various advertisements with unique concepts of the script. More than 50% of people who attempted the questionnaire had given the highest 2 ratings to the question asked about the role of advertisements in CRED acquiring their potential customers.

RECOMMENDATIONS/ SUGGESTIONS

The current study on the topic can be considered the first step in the research on the impact of CRED application on e payment system of India. However, the result of the study conducted during this research should be treated cautiously due to the small size of the sample and the lack of knowledge about the CRED app reward system by many people who attempted the questionnaire.

Future research should further examine the amount of benefit that the CRED users received by using the application and should conduct proper research of the review of the CRED app by circulating the questionnaire only to the users of the CRED app. It will give a deeper understanding of the level of improvement that was brought by the CRED App in the life of its users.

CONCLUSION:

By the end of the research done for understanding the impact of CRED on e-payment, all the objectives of the research were accomplished. The sample size of the research was 132 which was a combination of students, government officials, bankers, teachers, military officers, etc. Out of them only two third had basic knowledge about the CRED app and its features and only one-third had used the app in the past. But the objectives of the research paper were totally accomplished.

The first objective was to find out what people think about the CRED app. Not many people were fully convinced that there was an actual need for a company like CRED. A major amount of people gave an average rating to the question asked about the same. And the people who attempted the survey were also not finding the offers and rewards of the CRED app exciting. Therefore we can say that the CRED app is not fulfilling the need of all of its users. Many people wanted to see better rewards to be given by the app for the payment of credit card bills.

The second objective of the research paper was to assess whether the introduction of the CRED App will increase the use of Credit Cards. Since one of the USPs of the Cred app is its offers and rewards provided to the users after they pay their credit card bill using the platform. The question was asked about it the people and a maximum of them had given the average rating to the question through which we can say that not all of them were tally convinced by this statement. Therefore, we can say that a very less amount of people would actually increase the use of credit cards just to receive the cashback and rewards from their CRED app.

The third objective of the research paper was to determine the future of the electronic payment system in India. When people were asked about the future of cash transactions. More than 85% of the people agreed that cash transactions are going to further decrease in the coming years. And because of that people are going to use electronic methods of payment as a substitute for cash. The next question asked to the people was about how much electronic transactions have helped them in their day-to-day life. The response to this question was a lot positive since more than 90% of the people gave the highest two ratings for the question. And the last question asked to the people regarding this objective was about the safety of doing online transactions in India. For this, most of the people gave the top two ratings for the question which says they hardly have any safety issues while doing online transactions. Therefore, it was determined from the research that the future of online transactions in India is going to be increased a lot.

REFERENCES/ CITATIONS:

The list of websites referred to while doing the research on the topic of the paper and for the literature review are:

- [When Were Credit Cards Invented: The History of Credit Cards – Forbes Advisor](#)
- [The History And Evolution of Credit Cards - MoneyTap](#)
- [History of Digital Payments | Mobile Wallets & Payments | UBU](#)
- [A Brief History of Online Payments - Where Electronic Payments Began](#)
- [CRED App Review: Should you use this App for your credit card payment? \[Updated for 2023\]](#)
- [Why use CRED to pay credit card bills? - CreditMantri](#)
- [CRED Review: Get Rewards on Paying Credit Card Bills in India - Cash Overflow](#)
- [How exactly does CRED Work? CRED Business Model & Revenue Model](#)

Articles referred to know about CRED App and its features:

- [Cred Success Story - Founder, Business Model, Revenue Model, Competitors and More](#)
- [How does Cred make money | Business & Revenue Model](#)
- [Kunal Shah : Founder & CEO, CRED | SeedToScale](#)

Books referred to know about Digital Payments and Credit Cards:

- Digital Banking Tips: Practical Ideas for Disruptors!
Writer: Tolga Talvas
- The Smartphone Wallet: Understanding the Disruptor Ahead
Writer: David W. Schropfer